

## Message Text

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ACTION ARA-10

INFO OCT-01 ISO-00 FEA-01 ERDA-05 AID-05 CEA-01 CIAE-00

CIEP-01 COME-00 DODE-00 EB-07 FPC-01 H-02 INR-07

INT-05 L-02 NSAE-00 NSC-05 OMB-01 PM-03 SAM-01 OES-03

SP-02 SS-15 STR-04 TRSE-00 FRB-03 ARAE-00 /085 W

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P 042140Z APR 75

FM AMEMBASSY NASSAU

TO SECSTATE WASHDC PRIORITY 6600

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E. O. 11652: N/A

TAGS: ENRG EIND BF

SUBJ: GCOB REQUEST RE FREEPORT OIL REFINERY

REF: NASSAU 293

1. THERE FOLLOWS THE TEXT OF MINEXTAFF NOTE NO. 44 OF APRIL 4, 1975 CONCERNING THE APPLICATION OF NEW ENGLAND PETROLEUM COMPANY FOR RELIEF FROM CERTAIN FEA STATUTES AND REGULATIONS.

2. BEGIN TEXT (COMPLIMENTARY OPENING) HAS THE HONOUR TO STATE THAT IT IS THE UNDERSTANDING OF THE GOVERNMENT OF THE BAHAMAS THAT ON FEBRUARY 27, 1975 THE NEW ENGLAND PETROLEUM CORPORATION (NEPCO) FILED A SUBMISSION FOR CERTAIN EXCEPTIONS FROM THE APPLICATION OF THE PROVISIONS OF THE STATUTES AND REGULATIONS BY WHICH THE FEDERAL ENERGY ADMINISTRATION OF THE GOVERNMENT OF THE UNITED STATES OF AMERICA ADMINISTERS THE PETROLEUM INDUSTRY.

3. "THE GOVERNMENT OF THE BAHAMAS IS CONCERNED WITH THE EFFECT WHICH THE REGULATIONS OF THE FEDERAL ENERGY ADMINISTRATION MAY HAVE ON IMPORTS INTO THE UNITED STATES OF AMERICA OF PETROLEUM PRODUCTS WHICH ARE REFINED IN THE BAHAMAS AND IN PAR-

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TICULAR AT THIS TIME BY THE BAHAMAS OIL REFINING COMPANY

(BORCO) IN THE BAHAMAS. IT IS THE UNDERSTANDING OF THE GOVERNMENT THAT THE EXTENT TO WHICH NEPCO IS EFFECTED BY THE POLICY OF THE FEDERAL ENERGY ADMINISTRATION IS THE DIRECT RESULT OF THE SEPARATE TREATMENT ACCORDED PRODUCTS OF BORCO AS COMPARED WITH PRODUCTS REFINED IN THE UNITED STATES VIRGIN ISLANDS.

4. "THE REFINERY OPERATED BY BORCO IS OWNED 65 PERCENT NEPCO AND 35 PERCENT BY THE STANDARD OIL OF CALIFORNIA AND WAS COMPLETED IN 1970 AND PRINCIPALLY SERVES THE EAST COAST MARKET OF THE UNITED STATES WITH RESIDUAL FUEL OIL AND NO. 2 HEATING OIL AND NAPHTHA FOR THE PUERTO RICAN PETRO-CHEMICAL INDUSTRY. THE CAPACITY OF THE REFINERY IS 500,000 BARRELS PER DAY OF CRUDE OIL AND IT HAS STORAGE FACILITIES FOR OVER 18 MILLION BARRELS OF CRUDE OIL AND PETROLEUM PRODUCTS.

5. "THE ECONOMIC VIABILITY OF THE BORCO REFINERY IS A SIGNIFICANT FACTOR IN THE ECONOMY OF THE BAHAMAS AS IT IS THE LARGEST SINGLE INDUSTRIAL ENTERPRISE IN THE BAHAMAS AND IS ONE OF THE LARGEST EMPLOYERS IN THE BAHAMAS.

6. "IT HAS BEEN THE POLICY OF THE GOVERNMENT OF THE BAHAMAS NOT TO IMPAIR OR IMPEDE THE FLOW OF PETROLEUM PRODUCTS FROM THE BAHAMAS TO THE UNITED STATES AND THIS POLICY CONTINUED TO BE APPLIED DURING THE PERIOD OF THE IMPOSED EMBARGO ON THE EXPORT OF PETROLEUM PRODUCTS TO THE UNITED STATES OF AMERICA IN 1973-1974.

7. "IT HAS BEEN REPRESENTED TO THE BAHAMAS GOVERNMENT THAT PRODUCTS REFINED IN THE BAHAMAS AND EXPORTED TO THE UNITED STATES COMPETE UNFAVOURABLY WITH PRODUCTS REFINED IN THE UNITED STATES VIRGIN ISLANDS AND EXPORTED TO THE UNITED STATES. THE REFINERY LOCATED IN THE UNITED STATES VIRGIN ISLANDS, WHICH LIKE THAT IN THE BAHAMAS IMPORTS FOREIGN CRUDE OIL AND IS OUTSIDE THE CUSTOMS TERRITORY OF THE UNITED STATES BUT IS TREATED FOR PURPOSES OF THE FEDERAL ENERGY ADMINISTRATION PROGRAM AS A DOMESTIC REFINERY.

8. "THE GOVERNMENT OF THE BAHAMAS REQUESTS THE GOVERNMENT OF THE UNITED STATES OF AMERICA TO GIVE CONSIDERATION TO THE ELIMINATION OF THE SEPARATE TREATMENT ACCORDED PETROLEUM LIMITED OFFICIAL USE

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IMPORTED INTO THE UNITED STATES FROM THE BAHAMAS WHICH CAN BE SOLD ONLY A COMPETITIVE DISADVANTAGE TO PRODUCTS IMPORTED INTO THE UNITED STATES FROM THE UNITED STATES VIRGIN ISLANDS TO SUCH EXTENT AS MAY BE CONSISTENT WITH THE APPARENT INTENTION AND OBJECTS OF THE RELEVANT REGULATIONS ADMINISTERED BY THE FEDERAL ENERGY ADMINISTRATION.

9. (COMPLIMENTARY CLOSE) END TEXT.

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## Message Attributes

**Automatic Decaptioning:** X  
**Capture Date:** 01 JAN 1994  
**Channel Indicators:** n/a  
**Current Classification:** UNCLASSIFIED  
**Concepts:** PETROLEUM INDUSTRY, POLICIES, REFINERIES, BUSINESS LOSSES, SUBSIDIARIES, INDUSTRIAL CONTROLS  
**Control Number:** n/a  
**Copy:** SINGLE  
**Draft Date:** 04 APR 1975  
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**Decaption Note:**  
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**Disposition Approved on Date:**  
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**Disposition Case Number:** n/a  
**Disposition Comment:** 25 YEAR REVIEW  
**Disposition Date:** 28 MAY 2004  
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**Disposition History:** n/a  
**Disposition Reason:**  
**Disposition Remarks:**  
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**Document Unique ID:** 00  
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**Film Number:** D750120-0106  
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**TAGS:** ENRG, EIND, BF, US, NEW ENGLAND PETROLEUM CO  
**To:** STATE  
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